

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION
INTEREST AND DIVIDENDS TAX RETURN
LINE-BY-LINE INSTRUCTIONS

STEP 1 Type or print the name and address in the space provided. Individual/Joint returns must include social security number and, if applicable, spouse's social security number in the space provided. For partnership, fiduciary or corporate LLC returns, enter your federal employer identification number or if a SMLLC enter your department identification number (DIN) in the space provided.

STEP 2 Entity type. You must check only one entity box. If a partnership return, enter the percentage of ownership by New Hampshire residents. If a fiduciary return, enter the percentage of New Hampshire beneficiaries. If you are an LLC that has elected to BE taxed as a Corporation, contact the Department.
Check the appropriate box(es) that apply and enter the date of the event. If "Final Deceased", enter the date of death.
Forms mailing information: If you will not be at your New Hampshire mailing address when the forms are mailed on approximately January 2nd and if you would like forms mailed to a winter address, please check the box and provide the alternate address in the space below the box. **This address will be used for form mailing purposes only.** Forms are not automatically mailed to taxpayers who utilize tax preparers, however, forms may be ordered by calling the forms line at (603) 271-2192 or obtained from the web site at www.revenue.nh.gov.

STEP 3  Complete the second page of this return before proceeding to Step 4.

LINE 1(a) INTEREST INCOME: Enter on Line 1(a) **ALL** interest income. For individual and joint filers the amount to be reported on Line 1(a) is from Line 8(a) of IRS Form 1040 or 1040A. For partnerships and fiduciary filers, the amount to be reported on Line 1(a) is the total of all interest income reported on your federal return. If you are not required to file a federal return, enter your interest as reported on your 1099's. **NOTE:** All interest income which is not taxable to New Hampshire will be deducted on Line 4.

LINE 1(b) DIVIDEND INCOME: Enter on Line 1(b) **ALL** ordinary dividend income. For individual and joint filers the amount to be reported on Line 1(b) is from Line 9(a) of IRS Form 1040 or 1040A. If you are not required to file a federal return, enter your dividend income as reported on your 1099. **NOTE:** All dividend income which is not taxable to New Hampshire will be deducted on Line 4.

LINE 1(c) FEDERAL TAX-EXEMPT INTEREST INCOME: Enter on Line 1(c) the amount of **ALL** federally tax-exempt interest income. For individuals and joint filers, the amount is from IRS Form 1040 or 1040A, Line 8 (b). Unless specifically exempt by New Hampshire law, all federally tax-exempt interest income is taxable to New Hampshire. **NOTE:** All federal tax-exempt interest income that is not taxable to New Hampshire will be deducted on Line 4.

LINE 1(d) Enter the subtotal of Lines 1(a), 1(b) and 1(c).

LINE 2 DISTRIBUTIONS SUBJECT TO THE NEW HAMPSHIRE INTEREST AND DIVIDENDS TAX: In column I, enter the entity code number which represents the type of entity of the payer. See the box below for ENTITY TYPE CODES. In column II, enter the name of the payer. In column III, enter the payer's social security number or federal employer identification number, if known. In column IV, enter the total amount of cash or property distribution received or constructively received. This amount may not correspond to any line on your Federal Form 1040 or your Federal Schedule K-1. **NOTE:** This is not a tax on pass-through portfolio income, gains or losses from a Federal Schedule K-1. Therefore, do not include any pass-through gains or losses from Federal Schedule K-1.
List on Line 2 any taxable annuities or the actual cash or property distributions you received or constructively received from "S" corporations, partnerships with transferable shares, trusts or estates with transferable shares, or the return of capital from qualified investment capital companies formed prior to 5/24/04, when the investment is returned within three years of the original deduction. These distributions are subject to tax in New Hampshire as a "dividend". (Transferable means that you can freely transfer your shares without causing a dissolution of the organization or without prior approval of the other members.) All publicly traded partnerships fall into this category. Taxable annuities are those annuities not invested in a tax-deferred investment plan pursuant to RSA 77:4-b.
ALL NONTAXABLE INCOME WILL BE DEDUCTED ON LINE 4.

Entity Code	2	3	4	5
Entity Type	S-Corporations	Partnerships	Trusts or Estates	Other

LINE 3 Enter the sum of Line 1(d) plus Line 2.

See Quick Checklist in this booklet for examples of taxable and non-taxable income sources.

LINE 4 INTEREST AND DIVIDENDS INCOME NOT TAXABLE TO NEW HAMPSHIRE: In column I, enter the reason code number which corresponds to the reason the income is not subject to the Interest and Dividends Tax. (See the box below for reason codes.) In column II, enter the name of the payer. In column III, enter the payer's social security number or federal identification number, if known. In column IV enter the non-taxable amount. These items should only be deducted if they were included on Lines 1(a), 1(b), 1(c) or 2.

REASON CODE	REASON
1	Direct US government obligations.
2	New Hampshire municipal bond.
3	Long or short term capital gains included in Line 3.
4	Individual retirement account/Keogh plans/other exempt retirement plans.
5	Liquidating distributions.
6	100% of K-1 interest or dividend income from a partnership/trust with non-transferable shares which <u>is</u> subject to I&D tax.
7	A portion of interest or dividend income from a partnership/trust with non-transferable shares which <u>is not</u> subject to I&D tax.
8	Allocation to non-New Hampshire residents.
9	Specifically exempted Puerto Rico, Guam and Virgin Island bonds.
10	Distributive share of the entity's interest or dividend income indicated on Schedule K-1 and included in the partner, beneficiary or shareholder's federal income tax return.
11	Return of capital.

REASON CODE 7 CALCULATION: Example: a resident/inhabitant receives a \$5,000 distribution from a partnership that has no usual place of business in New Hampshire and the Partnership has non-transferrable shares or from a fiduciary that is not a New Hampshire trust and the Fiduciary has non-transferrable shares.
The partnership or fiduciary's total gross income is \$100,000 and its interest and dividend income is \$10,000.
The amount of the distribution that is non-taxable to the resident is \$4,500; \$100,000 - \$10,000 = \$90,000/\$100,000 x \$5,000.

Line 4(d) PART-YEAR RESIDENT NON-TAXABLE PRO RATA SHARE: A part-year resident is a resident who established or abandoned residency during the year. Part-year residents may prorate interest and dividends income. Individuals filing as part-year residents may deduct the amount of taxable income earned while not a resident of New Hampshire. To determine the annual taxable income for the prorata share calculation, subtract Line 4(c), the subtotal of non-taxable income from Line 3, then apply the following calculation to that figure to determine the amount to enter on Line 4(d), part-year resident prorata share.
Annual taxable income x $\frac{\text{number of days a Non-New Hampshire Resident}}{365 \text{ days of the year}}$

Enter the total of Line 4(c) plus Line 4(d) on Line 4.

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION
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LINE-BY-LINE INSTRUCTIONS (con't)

<p>STEP 3 Con- tinued</p>	<p>LINE 5 GROSS TAXABLE INCOME: Enter the amount of Line 3 minus Line 4. To figure your Net Taxable Income, complete Lines 6 through 10.</p> <p>LINE 6 Enter the income exemption. \$2,400 for individual, partnership, fiduciary or LLC or \$4,800, for joint filer.</p> <p>LINE 7 Calculate your Adjusted Taxable Income, Line 5 minus Line 6. For Individual /Joint filers ONLY, if Line 7 is zero, you are not required to file a return. Check the box under Line 7 if you would like to be removed from the forms mailing list.</p> <p>LINE 8 Contributions to a qualified investment capital company as defined in RSA 77-A:1,XXIV, have been repealed for deduction purposes.</p> <p>LINE 9 Check the exemptions that apply. Multiply the number of boxes checked by \$1,200 and enter the result.</p> <p>LINE 10 Calculate the Net Taxable Income by subtracting Line 9 from Line 7.</p>																																					
<p>STEP 4</p>	<p>LINE 11 Enter the amount from Page 2, Line 10.</p> <p>LINE 12 Figure your Interest & Dividends Tax by multiplying Line 11 by 5% (.05), if Line 11 is a positive number. If Line 11 is a negative number, enter zero on Line 12.</p> <p>LINE 13 Enter your payments on Lines 13(a) through 13(d). Enter the sum of your payments on Line 13.</p> <p>LINE 14 Calculate the balance of the tax due (Line 12 minus Line 13). Enter the remainder, balance of tax due, on Line 14.</p> <p>LINE 15 Calculate your interest and penalties, if any, as follows, and enter them on Lines 15(a) through 15(d).</p> <p>(a) INTEREST: Interest is calculated on the balance of tax due from the original due date to the date paid at the applicable rate listed below. Tax due x number of days from due date to date tax was paid x daily rate decimal equivalent.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">x</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">x</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">=</td> <td style="text-align: center;">_____</td> <td style="text-align: right;">Enter on Line 15(a).</td> </tr> <tr> <td style="text-align: center;">Tax Due</td> <td></td> <td style="text-align: center;">Number of days</td> <td></td> <td style="text-align: center;">Daily decimal rate equivalent (see below for applicable rates)</td> <td></td> <td style="text-align: center;">Interest due</td> <td></td> </tr> </table> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>NOTE: The interest rate is recomputed each year under the provisions of RSA 21-J:28, II. Applicable rates are as follows (contact the Department for applicable rates for any other years):</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>PERIOD</th> <th>RATE</th> <th>DAILY RATE DECIMAL EQUIVALENT</th> </tr> </thead> <tbody> <tr> <td>1/1/2006 - 12/31/2006</td> <td>8%</td> <td>.000219</td> </tr> <tr> <td>1/1/2005 - 12/31/2005</td> <td>6%</td> <td>.000164</td> </tr> <tr> <td>1/1/2004 - 12/31/2004</td> <td>7%</td> <td>.000191</td> </tr> <tr> <td>1/1/2003 - 12/31/2003</td> <td>8%</td> <td>.000219</td> </tr> <tr> <td>1/1/2002 - 12/31/2002</td> <td>9%</td> <td>.000247</td> </tr> <tr> <td>1/1/2001 - 12/31/2001</td> <td>11%</td> <td>.000301</td> </tr> </tbody> </table> </div> <p>(b) FAILURE TO PAY: A penalty equal to 10% of any nonpayment or underpayment of taxes shall be imposed if the taxpayer fails to pay the tax when due. If the failure to pay is due to fraud, the penalty shall be 50% of the amount of the nonpayment or underpayment.</p> <p>(c) FAILURE TO FILE: A taxpayer failing to timely file a complete return may be subject to a penalty equal to 5% of the tax due for each month or part thereof that the return remains unfiled or incomplete. The total amount of this penalty shall not exceed 25% of the balance of tax due. Calculate this penalty starting from the original due date of the return until the date a complete return is filed.</p> <p>(d) UNDERPAYMENT PENALTY: As of January 1, 2004 if your tax is more than \$500 you are required to make estimated tax payments during the tax year. To calculate your penalty for nonpayment or underpayment of estimated tax or to determine if you qualify for an exception from making estimated payments, complete and attach Form DP-2210/2220. Form DP-2210/2220 may be obtained from our web site at www.revenue.nh.gov or by calling the Department of Revenue Administration forms line at (603) 271-2192.</p> <p>NOTE: Taxpayers who substantially understate their tax may be assessed a penalty by the Department in the amount of 25% of any underpayment of the tax resulting from such understatement. There is a substantial understatement of tax if the amount of the understatement exceeds 10 percent of the tax required to be shown on the return or \$5,000.</p>	_____	x	_____	x	_____	=	_____	Enter on Line 15(a).	Tax Due		Number of days		Daily decimal rate equivalent (see below for applicable rates)		Interest due		PERIOD	RATE	DAILY RATE DECIMAL EQUIVALENT	1/1/2006 - 12/31/2006	8%	.000219	1/1/2005 - 12/31/2005	6%	.000164	1/1/2004 - 12/31/2004	7%	.000191	1/1/2003 - 12/31/2003	8%	.000219	1/1/2002 - 12/31/2002	9%	.000247	1/1/2001 - 12/31/2001	11%	.000301
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<p>STEP 5</p>	<p>LINE 16(a) Enter the subtotal of amount due. (Line 14 plus Line 15)</p> <p>LINE 16(b) Enter the amount of any return payment made electronically.</p> <p>LINE 16 Calculate your net balance due. Line 16(a) minus Line 16(b). Enter the result on Line 16. Make check or money order payable to: State of New Hampshire. Payment must accompany the return; HOWEVER, PLEASE ENCLOSE, BUT DO NOT STAPLE OR TAPE, YOUR PAYMENT TO THE RETURN. To ensure your check is credited to your account, please put your social security number or federal employer identification number on the check.</p> <p>If you have a \$0 balance due or tax due, you may file this return on-line by logging on to www.revenue.nh.gov. If the net balance due is less than \$1.00, do not pay but still file the return.</p> <p>LINE 17 If the total payments (Line 13, plus Line 16(b) are greater than total tax (Line 12 and Line 15) then you have over paid. Enter the overpayment amount on Line 17.</p> <p>LINE 18 The taxpayer has an option of applying any part of the overpayment or the total amount of the overpayment as a credit to next year's return. Enter the desired credit on Line 18(a). The remainder, which will be refunded, should be entered on Line 18(b). If Line 18(a) is not completed, the entire overpayment will be refunded. Please allow up to 12 weeks for the Department to process the refund.</p>																																					
<p>POA</p>	<p>By checking the POA box and signing the return, the taxpayer authorizes the Department to discuss this return with the preparer listed on the front of the return. This is a limited POA. Preparers may be required to submit a Form DP-2848 for other tax matters and/or years.</p>																																					
<p>SIGNATURE(S)</p>	<p>You MUST SIGN IN INK AND DATE the return.</p> <ul style="list-style-type: none"> • Joint Filers: If you are filing a joint return, both husband and wife must sign in ink and date the return even if only one of you had income. • Trusts: If you are signing on behalf of a trust, you must indicate under what authority your are signing. (i.e. "trustee") • Preparers: If you paid a preparer to complete this return, then the preparer must also sign in ink and date the return. The preparer must also provide his/her federal employer identification number, social security number or federal preparer tax identification number and complete address. 																																					